

TERMS AND CONDITIONS IN RELATION TO THE OPERATION OF PAPT FOR S&P (the “T&C”)

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PART 1

Introduction

1. The T&C is adopted by the Hong Kong Association of Banks for use by parties who seek to use PAPT for S&P (as defined below) for the sale and purchase (the “**Conveyancing Transaction**”) of a particular target property (the “**Property**”), and are intended for incorporation by the parties into their contracts.
2. In respect of a Conveyancing Transaction:
 - (a) in the case where the T&C is incorporated into a contract (the “**PMI/Buy-side Contract**”) between, on the one side, the purchaser in the Conveyancing Transaction (the “**Purchaser**”) and (where applicable) the borrower of the mortgage loan in connection with the purchase (the “**PMI Borrower**” who may or may not be the same person as the Purchaser, and each of the Purchaser and the PMI Borrower shall be referred to as a “**Buy-side Party**”) and, on the other side, the mortgage institution providing or offering to provide mortgage loan to the PMI Borrower (the “**PMI**”), Parts 1 and 2 of the T&C shall apply to the PMI/Buy-side Contract; and
 - (b) in the case where the T&C is incorporated into a contract (the “**Appointee Bank/Sell-side Contract**”) between, on the one side, the vendor in the Conveyancing Transaction (the “**Vendor**”) and (where applicable) the borrower of the loan as secured by the Vendor Mortgage (the “**VMI Borrower**” who may or may not be the same person as the Vendor, and each of the Vendor and the VMI Borrower shall be referred to as a “**Sell-side Party**”) and, on the other side, the Appointee Bank (as defined below), Parts 1 and 3 of the T&C shall apply to the Appointee Bank/Sell-side Contract.

Disclaimers

3. Each Buy-side Party (under the PMI/Buy-side Contract) or each Sell-side Party (under the Appointee Bank/Sell-side Contract) (as the case may be) hereby acknowledges and agrees that:
 - (a) no Participating Bank is responsible for, nor accepts any responsibility or liability in relation to or resulting from, the acts or omissions of any other party, including but not limited to any matters in connection with the services provided by HKICL as a third party, failure error or delay of the CHATS system;
 - (b) no Participating Bank is bound by, or taken to have any notice of, the SPA or any of its terms. A Participating Bank is under no obligation to make any enquiries into the SPA or any of its terms;

- (c) under normal circumstances, an Appointee Bank will use reasonable efforts to make available its services in respect of the holding and the handling of the Payment Amount in accordance with the T&C, but it makes no representations, endorsements or warranties to users of the services as to the reliability or availability of the CHATS, title, stature, competence, capability of the Participating Banks, or suitability of the PAPT for S&P for the Conveyancing Transaction in place of other method of settlement, or any kind whatsoever; and
- (d) **Force Majeure** – a Participating Bank shall not be in breach of the PMI/Buy-side Contract or the Appointee Bank/Sell-side Contract (as the case may be) or the T&C nor be liable for delay in performing, or failure to perform, any of its obligations under the PMI/Buy-side Contract or the Appointee Bank/Sell-side Contract (as the case may be), the T&C or otherwise in relation to or in connection with PAPT for S&P, if such delay or failure results from events, circumstances or causes beyond its reasonable control, including but not limited to any system failure of CHATS.

Severance

- 4. If any provision of any part of the T&C (or any part of any provision) is found by any court or other authority of competent jurisdiction to be invalid, illegal or unenforceable, that provision or part-provision shall, to the extent required, be deemed not to form part of the T&C, and the validity and enforceability of other provisions of the T&C shall not be affected.

Governing law and jurisdiction

- 5. The T&C shall be governed by the laws of Hong Kong. The parties irrevocably agree that the courts in Hong Kong shall have exclusive jurisdiction to settle any dispute or claim (whether contractual or non-contractual) arising out of or in connection with the T&C.

Definitions and interpretations

- 6. In all Parts 1, 2 and 3 of the T&C:

“Appointee Bank” shall mean:

- (a) where there is a Vendor Mortgage, the mortgagee of the Vendor Mortgage; or
- (b) where there is no Vendor Mortgage, a bank to be designated by the Vendor as the bank which provides mortgage services for the purpose of receiving the Payment Amount.

“Appointee Bank/Sell-side Contract” has the meaning set out in paragraph 2.

“Appointee Bank Written Confirmation” means a certificate issued by the Appointee Bank to the PMI in the event that the PMI is unable to receive a CHATS Advice from the CHATS system or from HKICL after effecting the payment of the Payment Amount via CHATS to the Appointee Bank, taking effect as the missing CHATS Advice.

“Bank Advice” means a document issued by the Appointee Bank in respect of the completion of an internal fund transfer of the Payment Amount, where the Appointee Bank and the PMI are the same entity.

“Business Day” means Monday to Friday excluding Saturdays, Sundays, general holidays defined in the General Holidays Ordinance (Cap. 149).

“Buy-side Party” has the meaning set out in paragraph 2.

“CHATS” means Hong Kong Dollar Clearing House Automated Transfer System.

“CHATS Advice” means a document issued automatically and provided in printable-by-PMI-only format by HKICL to the PMI on the CHATS interface immediately after the Appointee Bank receives the Payment Amount from the PMI via CHATS.

“CHATS Advice Correction Notice” means a document issued by the PMI and addressed to the Appointee Bank in the event that the Redemption Reference in the CHATS Advice is incorrect.

“Conveyancing Transaction” has the meaning set out in paragraph 1.

“Dday” means the completion date of the sale by the Vendor and the purchase by the Purchaser of the Property (which falls on a Business Day); all references to Dday plus or minus any number of days means Dday plus or minus such number of Business Days.

“Dday Cut-off Time” means 5:30pm on the date on which the Payment Amount is effected by PMI to the Appointee Bank via CHATS or internal fund transfer (as the case may be).

“HKICL” means Hong Kong Interbank Clearing Limited.

“Interim Period” means:

- (a) where there is a Vendor Mortgage, the period from the receipt of the Payment Amount (or any part thereof) from the PMI by the Appointee Bank to the application of the Payment Amount towards the discharge of any outstanding amount secured by the Vendor Mortgage and (if applicable) the credit of any surplus in favour of the Vendor, or alternatively, the refund of the Payment Amount to the PMI; or
- (b) where there is no Vendor Mortgage, the period from the receipt of the Payment Amount (or any part thereof) from the PMI by the Appointee Bank to the credit of the Payment Amount in favour of the Vendor, or alternatively, the refund of the Payment Amount to the PMI.

“PAPT Dedicated Account” means the account of the Appointee Bank or the PMI (as the context requires) dedicated for PAPT for S&P participation.

“PAPT for S&P” means the Payment Arrangements for Property Transactions – Sale & Purchase Scenario in Hong Kong, particulars of which are documented in the document entitled "Payment Arrangements for Property Transactions (the "PAPT") – Sale & Purchase Scenario ("PAPT for S&P")" dated [28 November 2025] 2025,

published on the website of the Hong Kong Association of Banks and as amended from time to time. For the avoidance of doubt, the aforementioned document is not intended and does not form part of the T&C.

“Participating Bank” means a bank participating in PAPT for S&P, including the PMI and the Appointee Bank.

“Payment Advice” means:

- (a) the CHATS Advice;
- (b) the Bank Advice;
- (c) the CHATS Advice as corrected by a CHATS Advice Correction Notice; or
- (d) the Appointee Bank Written Confirmation,

in each case in respect of the Conveyancing Transaction and as the context may require.

“Payment Amount” means such amount(s) paid by the PMI to the Appointee Bank via CHATS (or via internal bank transfer where the PMI and the Appointee Bank are the same entity) in relation to the completion of a Conveyancing Transaction.

“PMI” has the meaning set out in paragraph 2.

“PMI Borrower” has the meaning set out in paragraph 2.

“PMI/Buy-side Contract” has the meaning set out in paragraph 2.

“Property” has the meaning set out in paragraph 1.

“Purchaser” has the meaning set out in paragraph 2.

“Redemption Reference” means the unique identifier assigned by the Appointee Bank to a transaction which appears as part of the "Payment Detail" code on a CHATS Advice.

“Sell-side Party” has the meaning set out in paragraph 2.

“SPA” means the agreement for sale and purchase for the Conveyancing Transaction, whether provisional or formal, supplemental or a variation.

“Vendor” has the meaning set out in paragraph 2.

“Vendor Account” means a bank account in Hong Kong in the name of the Vendor.

“Vendor Bank” means a bank in Hong Kong (other than the Appointee Bank) in which the Vendor Account is held.

“Vendor Mortgage” means the existing mortgage over the Property as registered at the Land Registry of Hong Kong.

“VMI Borrower” has the meaning set out in paragraph 2.

7. The T&C should be interpreted as follows:
 - (a) Any reference to a time of day is a reference to Hong Kong time.
 - (b) The headings are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting the T&C.
 - (c) Any reference to a singular form includes its plural form and vice versa.
 - (d) Any reference to the masculine gender shall include the feminine and neuter genders and vice versa.

PART 2 – T&C FORMING PART OF THE PMI/BUY-SIDE CONTRACT ONLY

Adoption of PAPT for S&P

8. By incorporating the T&C into the PMI/Buy-side Contract, each Buy-side Party agrees that Parts 1 and 2 of the T&C shall be adopted. Each Buy-side Party hereby confirms that he/she/it is not aware of any circumstances, and will notify the PMI if he/she/it becomes aware of any circumstances, concerning the Conveyancing Transaction that may render it to be excluded from the application of PAPT for S&P, including but not limited to (i) where a recovery notice is issued by the Inland Revenue Department before Dday notifying the Purchaser (and/or the Purchaser's solicitor) that the Vendor is in default of tax payment and requiring the Purchaser to pay the amount of tax in default to the Government, (ii) where the Conveyancing Transaction is a confirmor sale involving sub-sale and sub-purchase of a property, or (iii) where there is a new charge encumbering the relevant property (other than the Vendor Mortgage).
9. Each Buy-side Party may withdraw his agreement for adoption of PAPT for S&P up to (but no later than) 8 Business Days before Dday by notifying in writing the withdrawal of his agreement to use PAPT for S&P to the PMI, and shall in such case of withdrawal notify the Vendor forthwith.
10. Notwithstanding anything herein provided to the contrary and without limitation to the generality of paragraph 8, the adoption of PAPT for S&P for the Conveyancing Transaction is subject to the assessment and discretion of the PMI and the Appointee Bank.
11. Each Buy-side Party hereby represents, warrants, acknowledges and agrees that it shall not rescind or nullify the T&C and that no agreement that will be inconsistent with any part of the T&C has been or will be entered into, save and except the withdrawal of the agreement under paragraph 9.

Settlement of the Payment Amount

12. Each Buy-side Party hereby acknowledges and agrees that, upon receipt by the Appointee Bank of the Payment Amount from the PMI, the Appointee Bank is authorised to hold the Payment Amount received by it from the PMI in the PAPT Dedicated Account during the Interim Period subject to the refund mechanism as set out in paragraph 16.

13. Notwithstanding any contrary provisions, arrangements or agreements, the Purchaser hereby acknowledges and agrees without any recourse that the Appointee Bank is authorised and has the right to:
 - (a) hold the Payment Amount for and on behalf of the Vendor and the Purchaser jointly during the Interim Period; and
 - (b) distribute, return or otherwise deal with the Payment Amount in accordance with the T&C.
14. Each Buy-side Party hereby acknowledges and agrees that upon receipt by the Appointee Bank of the Payment Advice and confirmation of completion of the Conveyancing Transaction by Dday Cut-off Time from the Vendor's solicitors or the Appointee Bank's solicitors, the Appointee Bank is authorised and has the right to apply the Payment Amount in the following manner:
 - (a) firstly (applicable where there is a Vendor Mortgage), discharging any outstanding amount secured by the Vendor Mortgage; and
 - (b) secondly, crediting (i) any surplus of the Payment Amount after the step in paragraph 14(a) above where applicable; or (ii) (where there is no Vendor Mortgage) the Payment Amount (in each case of (i) and (ii), less any fees and charges due and payable to the Appointee Bank) to the Vendor Account (if the Vendor Account is held with the Appointee Bank) or by transfer to the Vendor Bank (if the Vendor Account is not held with the Appointee Bank).For the avoidance of doubt, for the purpose of this paragraph 14, (i) receipt of the Payment Advice by the Vendor's solicitors or the Appointee Bank's solicitors does not constitute receipt by the Appointee Bank of the Payment Advice and (ii) the Payment Advice may be delivered to the Appointee Bank as a physical copy (printed by the PMI) or as a digital copy including by email and fax.
15. Each Buy-side Party hereby acknowledges and agrees that he has no rights (and hereby waives any such rights) to, whether acting on its own or acting jointly with a Sell-side Party, demand the Appointee Bank for the Payment Amount (or any part of it) during the Interim Period.

Refund of Payment Amount

16. (a) If:
 - (i) on or before the Dday, the Appointee Bank is notified in writing by its solicitors or the Vendor's solicitors that the completion of the Conveyancing Transaction has fallen through (and for the avoidance of doubt, receipt of such notification by the Vendor's solicitors or the Appointee Bank's solicitors is not deemed to be receipt by the Appointee Bank of such notification for the purpose of this paragraph 16(a)(i)); and
 - (ii) the Appointee Bank has nevertheless received from the PMI via CHATS (or via internal bank transfer where the PMI and the Appointee Bank are

the same entity) the Payment Amount in the PAPT Dedicated Account of the Appointee Bank; or

(b) If:

- (i) by Dday Cut-off Time, the Appointee Bank has not received the Payment Advice in accordance with paragraph 14 above (and for the avoidance of doubt, receipt of Payment Advice by the Vendor's solicitors or the Appointee Bank's solicitors is not deemed to be receipt by the Appointee Bank of the Payment Advice for the purpose of this paragraph 16(b)(i)); and
- (ii) the Appointee Bank has nevertheless received from the PMI via CHATS (or via internal bank transfer where the PMI and the Appointee Bank are the same entity) the Payment Amount in the PAPT Dedicated Account of the Appointee Bank,

the Appointee Bank is authorised by each Buy-side Party to and the Appointee Bank has the right to refund the Payment Amount that has been remitted by the PMI to, and received by, the Appointee Bank to the PMI's PAPT Dedicated Account and shall not be obliged to seek prior consultation with or approval of either a Buy-side Party or a Sell-side Party or any of their solicitors.

17. Each Buy-side Party hereby acknowledges and agrees that neither the PMI nor Appointee Bank shall be responsible nor liable for any claims, demands, cost, loss or damage whatsoever incurred directly or indirectly by any refund of the Payment Amount being made in accordance with paragraph 16 above.

Disclosure

18. Each Buy-side Party agrees to disclose and provide a copy of the PMI/Buy-side Contract upon request to the Sell-side Parties, the Appointee Bank and the solicitors of the foregoing parties and authorises its solicitors to do so.

Rights of Third Parties

19. Each of the PMI and each Buy-side Party acknowledges and agrees that:
 - (a) the Appointee Bank has a commercial interest and benefit arising out of the T&C, including but not limited to the disclaimers as described in paragraph 3, the settlement of the Payment Amount directly by the Appointee Bank as described in paragraphs 12 to 15, and the refund of the Payment Amount directly by the Appointee Bank as described in paragraph 16 above; and that the Appointee Bank may enforce paragraphs 3, 12 to 15 and 16 of the T&C; and
 - (b) the PMI and each Buy-side Party may rescind, vary or terminate the PMI/Buy-side Contract in any manner as agreed between the PMI and each Buy-side Party and without the Appointee Bank's consent, save and except that unless the Appointee Bank's consent is obtained (i) no variation shall be made to the T&C as incorporated in the PMI/Buy-side Contract and (ii) the T&C shall always be incorporated in the PMI/Buy-side Contract unless the PMI/Buy-side Contract is rescinded or terminated as a whole.

20. Subject to paragraph 19 above:

- (a) the T&C shall not create or give rise to, nor shall it be intended to create or give rise to, any third party rights;
- (b) no third party shall have any right to enforce or rely on any provision of the T&C which does or may confer any right or benefit on any third party, directly or indirectly, expressly or impliedly; and
- (c) the application of any legislation giving rise to or conferring on third parties contractual or other rights (including without limitation the Contracts (Rights of Third Parties) Ordinance) in connection with the T&C is hereby expressly excluded.

PART 3 – T&C FORMING PART OF THE APPOINTEE BANK/SELL-SIDE CONTRACT ONLY

Adoption of PAPT for S&P

- 21. By incorporating the T&C into the Appointee Bank/Sell-side Contract, each Sell-side Party agrees that Parts 1 and 3 of the T&C shall be adopted. Each Sell-side Party hereby confirms that he/she/it is not aware of any circumstances, and will notify the Appointee Bank if he/she/it becomes aware of any circumstances, concerning the Conveyancing Transaction that may render it to be excluded from the application of PAPT for S&P, including but not limited to (i) where a recovery notice is issued by the Inland Revenue Department before Dday notifying the Purchaser (and/or the Purchaser's solicitor) that the Vendor is in default of tax payment and requiring the Purchaser to pay the amount of tax in default to the Government, (ii) where the Conveyancing Transaction is a confirmor sale involving sub-sale and sub-purchase of a property, or (iii) where there is a new charge encumbering the relevant property (other than the Vendor Mortgage).
- 22. Each Sell-side Party may withdraw his agreement for adoption of PAPT for S&P up to (but no later than) 8 Business Days before Dday by notifying in writing the withdrawal of his agreement to use PAPT for S&P to the Appointee Bank, and shall in such case of withdrawal notify the Purchaser forthwith.
- 23. Notwithstanding anything herein provided to the contrary and without limitation to the generality of paragraph 21, the adoption of PAPT for S&P for the Conveyancing Transaction is subject to the assessment and discretion of the Appointee Bank and the PMI.
- 24. Each Sell-side Party hereby represents, warrants, acknowledges and agrees that it shall not rescind or nullify the T&C and that no agreement that will be inconsistent with any part of the T&C has been or will be entered into, save and except the withdrawal of agreement under paragraph 22.

Settlement of the Payment Amount

- 25. Each Sell-side Party hereby acknowledges and agrees that, upon receipt by the Appointee Bank of the Payment Amount from the PMI, the Appointee Bank is authorised to hold the Payment Amount received by it from the PMI in the PAPT

Dedicated Account during the Interim Period subject to the refund mechanism as set out in paragraph 30.

26. Notwithstanding any contrary provisions, arrangement or agreements, each Sell-side Party hereby acknowledges and agrees without recourse that the Appointee Bank is authorised to and has the right to:
 - (a) hold the Payment Amount for and on behalf of the Vendor and the Purchaser jointly during the Interim Period; and
 - (b) distribute, return or otherwise deal with the Payment Amount in accordance with the T&C.
27. Each Sell-side Party hereby acknowledges and agrees that upon receipt of the Payment Advice and confirmation of completion of the Conveyancing Transaction by Dday Cut-off Time from the Vendor's solicitors or the Appointee Bank's solicitors, the Appointee Bank is authorised to and has the right to apply the Payment Amount in the following manner:
 - (a) firstly (applicable where there is a Vendor Mortgage), discharging any outstanding amount secured by the Vendor Mortgage; and
 - (b) secondly, crediting (i) any surplus of the Payment Amount after the step in paragraph 27(a) above where applicable or (ii) (where there is no Vendor Mortgage) the Payment Amount (in each case of (i) or (ii), less any fees and charges due and payable to the Appointee Bank) to the Vendor Account (if the Vendor Account is held with the Appointee Bank) or by transfer to the Vendor Bank (if the Vendor Account is not held with the Appointee Bank).For the avoidance of doubt, for the purpose of this paragraph 27, (i) receipt of the Payment Advice by the Vendor solicitors or the Appointee Bank's solicitors does not constitute receipt by the Appointee Bank of the Payment Advice and (ii) the Payment Advice may be delivered to the Appointee Bank as a physical copy (printed by the PMI) or as a digital copy including by email and fax.
28. The Appointee Bank shall:
 - (a) hold the Payment Amount for and on behalf of the Vendor and the Purchaser jointly during the Interim Period;
 - (b) distribute, return or otherwise deal with the Payment Amount in accordance with the T&C; and
 - (c) apply the Payment Amount in the manner described in paragraph 27.
29. Each Sell-side Party hereby acknowledges and agrees that he has no rights (and hereby waives any such rights) to, whether acting on its own or acting jointly with a Buy-side Party, demand the Appointee Bank for the Payment Amount (or any part of it) during the Interim Period.

Refund of Payment Amount

30. (a) If:

- (i) on or before Dday, the Appointee Bank is notified in writing by its solicitors or the Vendor's solicitors that the completion of the Conveyancing Transaction has fallen through (and for the avoidance of doubt, receipt of such notification by the Vendor's solicitors or the Appointee Bank's solicitors is not deemed to be receipt by the Appointee Bank of such notification for the purpose of this paragraph 30(a)(i)); and
- (ii) the Appointee Bank has nevertheless received from the PMI via CHATS (or via internal bank transfer where the PMI and the Appointee Bank are the same entity) the Payment Amount in the PAPT Dedicated Account of the Appointee Bank; or

(b) If:

- (i) by Dday Cut-off Time, the Appointee Bank has not received the Payment Advice in accordance with paragraph 27 above (and for the avoidance of doubt, receipt of Payment Advice by the Vendor's solicitors or the Appointee Bank's solicitors is not deemed to be receipt by the Appointee Bank of the Payment Advice for the purpose of this paragraph 30(b)(i)); and
- (ii) the Appointee Bank has nevertheless received from the PMI via CHATS (or via internal bank transfer where the PMI and the Appointee Bank are the same entity) the Payment Amount in the PAPT Dedicated Account of the Appointee Bank,

the Appointee Bank is authorised by the Vendor to and the Appointee Bank has the right to refund the Payment Amount that has been remitted by the PMI to, and received by, the Appointee Bank to the PMI's PAPT Dedicated Account and shall not be obliged to seek prior consultation with or approval of either the Purchaser or the Vendor or any of their solicitors.

31. The Appointee Bank shall refund the Payment Amount in accordance with paragraph 30.

32. The Vendor hereby acknowledges and agrees that neither the Appointee Bank nor the PMI shall be responsible nor liable for any claims, demands, cost, loss or damage whatsoever incurred directly or indirectly by any refund of the Payment Amount being made in accordance with paragraph 30 above.

33. The Vendor hereby acknowledges and agrees that:

- (a) it will not, and will not seek to, countermand the refund authorisations as relied upon by the Appointee Bank and as set out in paragraph 30 above; and

(b) the Appointee Bank has the right and authority to carry out the refund as set out in paragraph 30 notwithstanding any contrary or inconsistent instructions from the Vendor.

Disclosure

34. Each Sell-side Party agrees to disclose and provide a copy of the Appointee Bank/Sell-side Contract upon request to the Buy-side Parties, the PMI and the solicitors of the foregoing parties and authorises its solicitors to do so.

Rights of Third Parties

35. Each of the Appointee Bank and each Sell-side Party acknowledges and agrees that:

- (a) each Buy-side Party has a commercial interest and benefit arising out of the T&C, including but not limited to the handling of the Payment Amount as described in paragraph 28, the refund of the Payment Amount directly by the Appointee Bank as described in paragraph 30 above, and the non-countermand provisions as described in paragraphs 29 and 33; and that a Buy-side Party may enforce paragraphs 28, 29, 30 and 33 of the T&C; and
- (b) the Appointee Bank and each Sell-side Party may rescind, vary or terminate the Appointee Bank/Sell-side Contract in any manner as agreed between the Appointee Bank and each Sell-side Party and without the consent of any Buy-side Party, save and except that unless the consent of each Buy-side Party is obtained (i) no variation shall be made to the T&C as incorporated in the Appointee Bank/Sell-side Contract and (ii) the T&C shall always be incorporated in the Appointee Bank/Sell-side Contract unless the Appointee Bank/Sell-side Contract is rescinded or terminated as a whole.

36. Subject to paragraph 35 above:

- (a) the T&C shall not create or give rise to, nor shall it be intended to create or give rise to, any third party rights;
- (b) no third party shall have any right to enforce or rely on any provision of the T&C which does or may confer any right or benefit on any third party, directly or indirectly, expressly or impliedly; and
- (c) the application of any legislation giving rise to or conferring on third parties contractual or other rights (including without limitation the Contracts (Rights of Third Parties) Ordinance) in connection with the T&C is hereby expressly excluded.